

**Greek Tragedy:** There has been much publicity as of late, particularly among the financial community, about the fiscal problems in Greece. The Greek government has spent far more money than it has taken in and done it for enough years that they now have a huge deficit and an even bigger debt. There are fears that Spain, Portugal, Italy, and Ireland could be next. Stock markets around the world lurched downward out of fear that these systemic debts and deficits may not be able to be repaid and that these countries may need to default on their debt.

But they are not alone. Here are the current year deficits (2010) and outstanding national debt as a percentage of that country's Gross Domestic Product (GDP) for Greece, the largest European countries and the U.S.:

<b>Country</b>	<b>Deficit as % of GDP</b>	<b>Public Debt as % of GDP</b>
United States	10.3%	90.9%
Greece	9.4%	130.1%
Spain	11.5%	67.4%
Italy	5.3%	119.6%
United Kingdom	12.8%	78.1%
Germany	5.6%	77.1%
France	8.4%	84.4%

As you can see, our deficit this year is actually larger than Greece's, although the accumulated debt is lower. But our accumulated debt is greater than that of any other country on the list except Greece and Italy (As a percentage of GDP). And our annual deficit and debt is greater than both Germany and France. In other words, our fiscal situation is far worse than the average in the Euro zone.

So, why then has the dollar been rising in the last few weeks and the interest rate on our debt dropping even as Greece approached default? In the past, when countries spent too much and got into debt problems, they often printed money like crazy and inflated their way out of the debt by paying it down with much cheaper "dollars" than they had borrowed. This works, but it does so by inflating away the wealth of their nation in what is a very uneven and inequitable way. Several South American countries did this in the 1980s. But Greece does not have that option because they do not control their own currency. They cannot unilaterally inflate the Euro, and the rest of Europe won't do it for one of their member's problems. That is why they are in such trouble. If they can't inflate it away, the only other option (other than cut spending which we will get to in a minute) is to default on the debt and not pay it all back. That's what had the markets really freaked out.

But the US and UK each have their own currencies and can inflate that currency if they want to. So, there is no panic yet on US bonds. And, because the US bond market is so huge and so liquid, that it has a "lesser of evils" appeal to it.

But that appeal won't last forever. On the path laid out by President Obama and Speaker Pelosi, we will be at Greek levels of debt and deficit in just a few years. Eventually (I fear sooner rather than later), markets will begin to worry about the safety of US debt and a crisis will ensue that will be very very severe. We will either have to create inflation to pay the debt or be crushed by it.

We have got to dramatically cut federal spending everywhere, and soon. Otherwise, everyone in this country will pay a large price for inaction. I watched the government employee union members out in front of their parliament protesting any reductions in their pay or pensions. Sound familiar? Countries all over the world are in fiscal trouble because of the growing entitlement mentality, where people feel they are entitled to a whole bunch of stuff that somebody else is supposed to pay for. They don't care who pays, as long as it's not them. Free health care; retirement at 50 with your highest salary for the rest of your life; government administrative employees who earn the same as doctors but with no risk or accountability; free money for all kinds of things; waste and fraud in every department. We can't afford it anymore. And everyone's standard of living and opportunities will fall in order to maintain some free or unjustified stuff for a few if we don't act soon.

The good news is that the public gets it, and this sentiment is starting to creep into Washington. Two incumbents: one Republican and one Democrat were defeated in primaries in the last week apparently because both liked to earmark and spend money. The Democratic leadership pulled an \$85.6 billion spending bill from the floor last night when a Republican amendment passed to reduce what had been a 31% increase in spending down to 0%. It appears the Democratic leadership pulled the bill because they want to try to find a way to get their spending increase back.

But can you believe that in the current environment we would be increasing spending on **ANYTHING** by 31%!!! Even if you believe that the solution to all of this is to raise taxes (which it isn't), you would have to raise everyone's taxes at every level by more than 60% to pay for that **AND** the debt.

Last month, the [federal deficit](#) was \$82.7 billion for the **MONTH**. That is the highest monthly deficit ever. That was an annual deficit not that long ago.

Mr. Obama and Mrs. Pelosi, is this the change we can believe in? They don't get it, or they don't care. But you do.

If you want to have a little fun and help us send a message about cutting spending go to the website for the latest project, which we are calling [YouCut](#) . On the site, you can vote on one of 5 proposals to reduce spending. The winning proposal will be brought to the floor for a vote under the only procedural option available to the minority party to do so, and we will be doing this for the next several weeks. These are small amounts that will not solve the problem right away. But Washington is overrun every day with people asking for money for this program and that project and a salary increase and a cost of living increase (When I was first elected, 90% of every meeting that people requested to have with me was someone asking for an earmark or some form of federal money for their company, agency, project, or program. Now because of my earmark stand, it's down to about 50%, but that is still way too high.) We need to start to balance out those spending voices with the voices of the vast majority of Americans who want us to stop squandering their future. This is a way to start to change that culture of spending. Please log on and help us by clicking

[here](#)

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Until next week, I remain respectfully,

Congressman John Campbell  
Member of Congress